

Message Text

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C O N F I D E N T I A L MILAN 1477

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TAGS: PFOR, PINR, IT

SUBJECT: ITALIAN POLITICAL SITUATION SEEN FROM MILAN. MEMCON,
WITH LUIGI PETRICCIONE, PREFECT OF MILAN AND CONGEN MILAN AUG 13,
1975

1. PETRICCIONE BELIEVED THAT THE CHRISTIAN DEMOCRATS WERE TAKING
THEIR DEFEAT BETTER THAN HE HAD FEARED. APART FROM THE CLAMOROUS
DEFLECTIONS OF TWO DC COUNCILMEN IN MILAN, THE PARTY WAS HOLDING
THROUGHOUT ITALY AND WAS SURPRISINGLY UNITED IN OPPOSING THE COM-
PROMESSO STORICO. ON THE OTHER HAND, THE BREAK UP OF THE SOCIAL
DEMOCRATS WAS MUCH MORE SERIOUS.

2. HE WAS MORE WORRIED ABOUT THE PATTERN ESTABLISHED IN THE REGION
OF LOMBARDY AS A NATIONAL PRECEDENT. HERE THE MAJORITY HAS BEEN
FORMED BY THE CHRISTIAN DEMOCRATS, SOCIALISTS, SOCIAL DEMOCRATS AND
REPUBLICANS BUT THE COMMUNISTS HAD NOT VOTED AGAINST THE NEW GOVERNME
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AND HAD BEEN GIVEN THE CHAIRMANSHIP OF SEVERAL COMMITTEES. (SEE
MILAN'S 1326). THIS WAS DANGEROUS BECAUSE IT OBLITERATED THE LINE
BETWEEN THE MAJORITY AND THE COMMUNISTS. HE SAID THAT HE WAS NOT ALON
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IN SEEING THIS AS A POSSIBLE PRECEDENT NATIONALLY WHERE THERE WAS
ALREADY FERMENT ABOUT A NEW COALITION FORMULA. IN HIS VIEW, THE
LOMBARDY FORMULA WAS A KIND OF FINLANDIZATION BECAUSE IT GAVE THE
COMMUNISTS A VETO ON EVERYTHING.

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3. CITY FINANCES WOULD BE A PROBLEM IN MILAN AS IN OTHER BIG CITIES

BUT THE SOCIALIST-COMMUNIST CITY ADMINISTRATION WOULD HAVE NO SERIOUS TROUBLE IN BORROWING TO COVER ITS DEFICIT. FOR ONE THING, DEMAND FOR BANK CREDIT WAS WEAK AT THE MOMENT BECAUSE OF THE CONTINUING ECONOMIC DECLINE AND THE BANKS WERE HUNGRY FOR CUSTOMERS. FOR ANOTHER, THE CENTRAL GOVERNMENT COULD NOT AFFORD TO DENY CREDIT THROUGH THE STATE BANKING SYSTEM TO MILAN OR TO ANY OTHER COMMUNIST-SOCIALIST CITY GOVERNMENT FOR THE SIMPLE REASON THAT IT NEEDED SOCIALIST VOTES IN ROME TO SURVIVE.

4. HE DIDN'T PUT MUCH STOCK IN CLAIMS OF SUPERIOR COMMUNIST LOCAL ADMINISTRATION. THEY WERE NOT DOING ESPECIALLY WELL IN EMILIA WHILE LOCAL GOVERNMENT THROUGHOUT LOMBARDY WAS AMONG THE BEST IN ITALY.

5. PETRICCIONE REMARKED THAT EUGENIO CEFIS, HEAD OF MONTEDISON, WAS IN SOME TROUBLE AND WOULD HAVE TO BE CAREFUL FOR THE NEXT YEAR OR TWO. FOR ONE THING HE WAS INVOLVED IN THE SINDONA AFFAIR (BASSETTI HAD PREVIOUSLY CLAIMED THAT CEFIS HAD LOST HEAVILY IN THE SINDONA SCANDAL (SEE MILAN 1382). MOREOVER, SAID PETRICCIONE, THERE WAS A RISING RESENTMENT AGAINST CEFIS HIGH HANDEDNESS THAT HE COULDN'T DISREGARD. AS FOR AS HIS FINANCING OF THE CORRIERE DELLA SERA AND IL GIORNALE, HE REALLY DIDN'T CARE WHAT THEY WROTE AS LONG AS THEY DIDN'T ATTACK MONTEDISON.

6. THE TRADE UNION SCENE, DID NOT GREATLY WORRY PETRICCIONE. DESPITE THE RHETORIC, THE TRADE UNIONS WERE BEING VERY CAREFUL. THERE WERE A GREAT MANY NATIONAL CONTRACTS DUE FOR RENEWAL THIS AUTUMN. BUT LEADERS AND RANK AND FILE DID NOT WANT TO ROCK THE BOAT BECAUSE ALL SAW THE PRECARIOUS STATE OF THE ECONOMY. THERE WAS A SERIOUS ECONOMIC CRISIS NOT YET GETTING BETTER EVEN THOUGH NO ONE WAS STARVING.

7. THE FUTURE OF THE ITALIAN ECONOMY DEPENDED UPON THE RECOVERY OF THE US AND GERMAN ECONOMIES. AS WELL AS UPON US AND GERMAN ATTITUDES TOWARD ITALY. THE COMMUNISTS AND THE TRADE UNIONS KNEW THAT AND THAT WAS A RESTRAINT ON TEMPTATIONS TO ADVENTURE. IF THE RECESSION IN THE UNITED STATES HAD NOW BOTTOMED OUT, WHICH HE SEEMED TO DOUBT, THE TURN AROUND SHOULD BE FELT IN ITALY IN ANOTHER SIX MONTHS. THAT WAS SOMETHING OVER WHICH ITALY HAD LITTLE INFLUENCE BUT WHICH HE SAID WOULD HAVE A MAJOR INFLUENCE UPON ITALIAN POLITICS.FINA

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